

**COUNTY OF MERCED**

**GRANTS FUNDED BY THE STATE OF CALIFORNIA**  
**OFFICE OF EMERGENCY SERVICES**

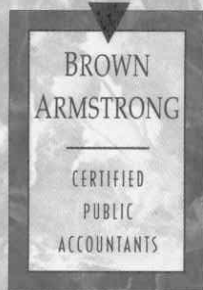
**INDEPENDENT AUDITOR'S REPORTS AND**  
**FINANCIAL SCHEDULES**

**FOR THE PERIOD OF**  
**JULY 1, 2007 THROUGH JUNE 30, 2008**

COUNTY OF MERCED  
GRANTS FUNDED BY THE STATE OF CALIFORNIA  
OFFICE OF EMERGENCY SERVICES

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Supervisors  
of the County of Merced, California

We have audited the accompanying Schedule of Approved Budget and Cumulative Expenditures and the Schedule of Costs Claimed and Accepted (financial schedules) of the County of Merced (County) for the grants funded by the State of California, Office of Emergency Services (OES) as noted below:

Harvey J. McCown, MBA, CPA

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Grant Number

Audit Period

VW07250240

July 1, 2007 through June 30, 2008

RU07090240

July 1, 2007 through June 30, 2008

VB07050240

July 1, 2007 through June 30, 2008

DC07180240

July 1, 2007 through June 30, 2008

MH06010240

July 1, 2007 through June 30, 2008

MH07020240

July 1, 2007 through June 30, 2008

PU06050240

July 1, 2007 through June 30, 2008

PU07050240

July 1, 2007 through June 30, 2008

These financial schedules are the responsibility of the County's management. Our responsibility is to express an opinion on the financial schedules based on our audit.

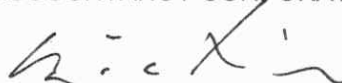
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and certain provisions of the *OES 2006 Recipient Handbook*. Those standards and *OES 2006 Recipient Handbook* require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting pertaining to the financial schedules. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial schedules. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2 to the financial schedules, the County prepares OES Form 201 in accordance with OES requirements. The accounting practices used to prepare OES Form 201 differ from accounting principles generally accepted in the United States of America. Accordingly, the accompanying financial schedules, which are based in part on OES Form 201, are not intended to present the financial position and changes in financial position of the County in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial schedules referred to in the first paragraph present fairly, in all material respects, the approved budget and cumulative expenditures and the costs claimed and accepted of the County for the grants funded by the State of California, Office of Emergency Services identified above for the grant period July 1, 2007 through June 30, 2008, in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2008 on our consideration of the County's internal control over financial reporting pertaining to the financial schedules and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG PAULDEN  
McCOWN STARBUCK THORNBURGH & KEETER  
ACCOUNTANCY CORPORATION



Bakersfield, California  
September 26, 2008

**COUNTY OF MERCED**  
**GRANTS FUNDED BY THE STATE OF CALIFORNIA**  
**OFFICE OF EMERGENCY SERVICES**  
**SCHEDULE OF APPROVED BUDGET AND CUMULATIVE EXPENDITURES**  
**FOR THE PERIOD OF JULY 1, 2007 THROUGH JUNE 30, 2008**

	<u>Budget</u>	<u>Expenditures</u>
VW07250240		
Personal Services	\$ 172,905	\$ 172,905
Operating	<u>33,242</u>	<u>33,242</u>
Totals	<u>\$ 206,147</u>	<u>\$ 206,147</u>
RU07090240		
Personal Services	\$ 250,040	\$ 250,040
Operating	<u>34,115</u>	<u>34,115</u>
Totals	<u>\$ 284,155</u>	<u>\$ 284,155</u>
VB07050240		
Personal Services	\$ 244,034	\$ 244,034
Operating	<u>25,269</u>	<u>25,269</u>
Totals	<u>\$ 269,303</u>	<u>\$ 269,303</u>
DC07180240		
Personal Services	\$ 68,106	\$ 68,106
Operating	<u>135,457</u>	<u>135,457</u>
Totals	<u>\$ 203,563</u>	<u>\$ 203,563</u>
MH06010240		
Personal Services	\$ 39,852	\$ 37,812
Operating	27,626	26,676
Equipment	<u>27,639</u>	<u>27,639</u>
Totals	<u>\$ 95,117</u>	<u>\$ 92,127</u>
MH07020240		
Personal Services	<u>\$ 422,083</u>	<u>\$ 271,057</u>
Totals	<u>\$ 422,083</u>	<u>\$ 271,057</u>

See accompanying notes to financial schedules.

COUNTY OF MERCED  
 GRANTS FUNDED BY THE STATE OF CALIFORNIA  
 OFFICE OF EMERGENCY SERVICES  
 SCHEDULE OF APPROVED BUDGET AND CUMULATIVE EXPENDITURES (Continued)  
 FOR THE PERIOD OF JULY 1, 2007 THROUGH JUNE 30, 2008

	<u>Budget</u>	<u>Expenditures</u>
PU06050240		
Personal Services	\$ 13,953	\$ 13,953
Totals	<u>\$ 13,953</u>	<u>\$ 13,953</u>
PU07050240		
Personal Services	\$ 66,117	\$ 48,280
Totals	<u>\$ 66,117</u>	<u>\$ 48,280</u>
AG06010240		
Personal Services	\$ 130,089	\$ 130,089
Operating	12,640	12,640
Totals	<u>\$ 142,729</u>	<u>\$ 142,729</u>

See accompanying notes to financial schedules.

**COUNTY OF MERCED**  
**GRANTS FUNDED BY THE STATE OF CALIFORNIA**  
**OFFICE OF EMERGENCY SERVICES**  
**SCHEDULE OF COSTS CLAIMED AND ACCEPTED**  
**FOR THE PERIOD OF JULY 1, 2007 THROUGH JUNE 30, 2008**

		Per Audit	
	Costs Claimed	Costs Accepted	Disallowed Costs
VW07250240			
Personal Services	\$ 172,905	\$ 172,905	\$ -
Operating	33,242	33,242	-
Totals	<u>\$ 206,147</u>	<u>\$ 206,147</u>	<u>\$ -</u>
RU07090240			
Personal Services	\$ 250,040	\$ 250,040	\$ -
Operating	34,115	34,115	-
Totals	<u>\$ 284,155</u>	<u>\$ 284,155</u>	<u>\$ -</u>
VB07050240			
Personal Services	\$ 244,034	\$ 244,034	\$ -
Operating	25,269	25,269	-
Totals	<u>\$ 269,303</u>	<u>\$ 269,303</u>	<u>\$ -</u>
DC07180240			
Personal Services	\$ 68,106	\$ 68,106	\$ -
Operating	135,457	135,457	-
Totals	<u>\$ 203,563</u>	<u>\$ 203,563</u>	<u>\$ -</u>
MH06010240			
Personal Services	\$ 37,812	\$ 37,812	\$ -
Operating	26,676	26,676	-
Equipment	27,639	27,639	-
Totals	<u>\$ 92,127</u>	<u>\$ 92,127</u>	<u>\$ -</u>
MH07020240			
Personal Services	\$ 271,057	\$ 271,057	\$ -
Totals	<u>\$ 271,057</u>	<u>\$ 271,057</u>	<u>\$ -</u>

See accompanying notes to financial schedules.

**COUNTY OF MERCED**  
**GRANTS FUNDED BY THE STATE OF CALIFORNIA**  
**OFFICE OF EMERGENCY SERVICES**  
**SCHEDULE OF COSTS CLAIMED AND ACCEPTED (Continued)**  
**FOR THE PERIOD OF JULY 1, 2007 THROUGH JUNE 30, 2008**

		Per Audit	
	Costs Claimed	Costs Accepted	Disallowed Costs
PU06050240			
Personal Services	\$ 13,953	\$ 13,953	\$ -
Totals	<u>\$ 13,953</u>	<u>\$ 13,953</u>	<u>\$ -</u>
PU07050240			
Personal Services	\$ 48,280	\$ 48,280	\$ -
Totals	<u>\$ 48,280</u>	<u>\$ 48,280</u>	<u>\$ -</u>
AG06010240			
Personal Services	\$ 130,089	\$ 130,089	\$ -
Operating	12,640	12,640	-
Totals	<u>\$ 142,729</u>	<u>\$ 142,729</u>	<u>\$ -</u>

See accompanying notes to financial schedules.



**COUNTY OF MERCED  
GRANTS FUNDED BY THE STATE OF CALIFORNIA  
OFFICE OF EMERGENCY SERVICES  
NOTES TO FINANCIAL SCHEDULES  
FOR THE PERIOD OF JULY 1, 2007 THROUGH JUNE 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying financial schedules are prepared from the respective grant awards and budget modifications as approved by the Office of Emergency Services (OES), the Reports of Expenditures and Request for Funds (OES Form 201), and County records.

OES Forms 201 were prepared by the County's personnel in accordance with OES requirements. The basis of accounting used in preparing OES Form 201 differs from accounting principles generally accepted in the United States of America. Accordingly, the accompanying financial schedules are not intended to present the financial position and changes in financial position in conformity with accounting principles generally accepted in the United States of America.

**NOTE 2 – BUDGET MODIFICATIONS**

All budget modifications were approved by OES in accordance with Section 7500 of the OES Grant Recipient Handbook. All budget modifications are reflected in the financial schedules.

**NOTE 3 – SUMMARY OF GRANT REVENUES AND EXPENDITURES**

A summary of grant revenues and expenditures for the period ended June 30, 2008 is below:

<u>Grant Number</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Revenues Received</u>	<u>Balance of Funds to be Received</u>
VW07250240	\$ 206,147	\$ 206,147	\$ 148,480	\$ 57,667
RU07090240	284,155	284,155	188,081	96,074
VB07050240	269,303	269,303	197,371	71,932
DC07180240	203,563	203,563	149,795	53,768
MH06010240	95,117	92,127	92,127	-
MH07020240	422,083	271,057	271,057	-
PU06050240	13,953	13,953	13,953	-
PU07050240	66,117	48,280	25,332	22,948
AG06010240	142,729	142,729	60,092	82,637

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF THE BASIC FINANCIAL SCHEDULES PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND  
THE OFFICE OF EMERGENCY SERVICES 2006 RECIPIENT HANDBOOK**

The Honorable Board of Supervisors  
of the County of Merced, California

Harvey J. McCown, MBA, CPA

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Clint W. Baird, CPA

We have audited the Schedule of Approved Budget and Cumulative Expenditures and the Schedule of Costs Claimed and Accepted (financial schedules) of the County of Merced (County) for the grants funded by the State of California, Office of Emergency Services (OES) as noted below, and have issued our report thereon dated September 26, 2008, which contained an explanatory paragraph describing the use of accounting practices required by OES, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Grant Number	Audit Period
VW07250240	July 1, 2007 through June 30, 2008
RU07090240	July 1, 2007 through June 30, 2008
VB07050240	July 1, 2007 through June 30, 2008
DC07180240	July 1, 2007 through June 30, 2008
MH06010240	July 1, 2007 through June 30, 2008
MH07020240	July 1, 2007 through June 30, 2008
PU06050240	July 1, 2007 through June 30, 2008
PU07050240	July 1, 2007 through June 30, 2008

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and certain provisions of the *OES 2006 Recipient Handbook*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the *OES 2006 Recipient Handbook*.

This report is intended solely for the information and use of the State of California, Office of Emergency Services and the County's management and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG PAULDEN  
McCOWN STARBUCK THORNBURGH & KEETER  
ACCOUNTANCY CORPORATION



Bakersfield, California  
September 26, 2008

COUNTY OF MERCED  
GRANTS FUNDED BY THE STATE OF CALIFORNIA  
OFFICE OF EMERGENCY SERVICES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE PERIOD OF JULY 1, 2007 THROUGH JUNE 30, 2008

**Current Year Findings:**

None.

**COUNTY OF MERCED  
GRANTS FUNDED BY THE STATE OF CALIFORNIA  
OFFICE OF EMERGENCY SERVICES  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE PERIOD OF JULY 1, 2007 THROUGH JUNE 30, 2008**

**Finding No. 2007-1 – Required Reports Not Filed Timely**

The District Attorney (DA)'s Office failed to submit required progress reports for the Vertical Block Prosecution program by their appropriate due dates.

Recommendation:

All reports must be accurately completed and filed in a timely manner. The DA's office should develop and implement procedures to identify required reports and monitor preparation to ensure timely and accurate submission to the OES.

Management's Response:

In FY 06/07, statutory rape vertical prosecution was added as a new component to the program, significantly increasing the volume of information that we are required to track and report. A tracking system for the new cases was developed and implemented during the grant period, but caused some delays in the submission of the progress reports. All progress reports have been submitted and reflect measured success in Merced County's Vertical Block Prosecution Program.

Current Year Status:

Implemented.

## ADDITIONAL DATA

COUNTY OF MERCED  
GRANTS FUNDED BY THE STATE OF CALIFORNIA  
OFFICE OF EMERGENCY SERVICES

SCOPE OF AUDIT COVERAGE

FOR THE PERIOD OF JULY 1, 2007 THROUGH JUNE 30, 2008

Grant Award Number	Program Description	Audit Period	Grant Period	Grant Amount
VW07250240	Merced County Victim Witness Program	7/1/2007 - 6/30/2008	7/1/2007 - 6/30/2008	\$ 206,147
RU07090240	Central Valley Rural Crime Prevention Program	7/1/2007 - 6/30/2008	7/1/2007 - 6/30/2008	284,155
VB07050240	Vertical Prosecution Block Program	7/1/2007 - 6/30/2008	7/1/2007 - 6/30/2008	269,303
DC07180240	Anti-Drug Abuse Enforcement Program	7/1/2007 - 6/30/2008	7/1/2007 - 6/30/2008	203,563
MH06010240	Merced County CAL-MMET Program	7/1/2007 - 6/30/2008	7/1/2006 - 6/30/2007	420,339
MH07020240	Merced County CAL-MMET Program	7/1/2007 - 6/30/2008	7/1/2007 - 6/30/2008	422,083
PU06050240	Strengthening and Altering Family Environments	7/1/2007 - 6/30/2008	10/1/2006 - 9/30/2007	88,156
PU07050240	Strengthening and Altering Family Environments	7/1/2007 - 6/30/2008	10/1/2007 - 9/30/2008	66,117
				<u>1,959,863</u>